

First Union Rail Corporation

One O'Hare Center
6250 River Road, Suite 5000
Rosemont, Illinois 60018-4214
847 318-7575

VIA FEDERAL EXPRESS



August 14, 1998
RECORDATION NO. 21583 FILED
AUG 17 '98 1-41 PM

Aug 17 1 41 PM '98
SURFACE TRANSPORTATION BOARD RECEIVED

Surface Transportation Board
Attn: Jan Fort
1925 K Street, N.W., Room 704
Washington, DC 20423-0001

Re: Memorandum of Lease Agreement

Dear Ms. Fort:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) originals and two (2) copies of a Memorandum of Lease Agreement, dated December 2, 1997, a primary document as defined in the Board's Rules for the Recordation of Documents. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

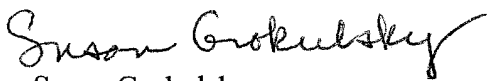
Lessee: Willamette Valley Railway Company
635 N. Walnut Street
Independence, OR 97351

A description of the railroad equipment covered by the enclosed document is set forth on Exhibit A, as attached to such Memorandum.

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned.

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5355. Thank you for your cooperation in this matter.

Very truly yours,


Susan Grokulsky
Manager - Documents Administration

Enclosures

(WVR004)

ASSIGN: WVR004

RECORDATION NO. 21583 FILED

AUG 17 '98

1-41 PM

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 2nd day of December, 1997, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Willamette Valley Railway Company ("Lessee"), an Oregon corporation.

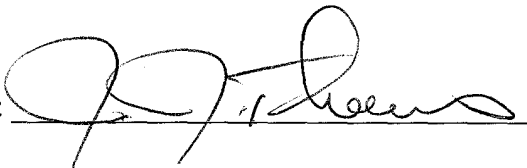
WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement, dated as of December 2, 1997, whereby Lessor has agreed to lease to Lessee certain railcars being described in more particular on Exhibit A attached, hereto, effective as of the date set forth above and subject to the terms, conditions and provisions of said Lease.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

By: 

Name: JACK THOMAS

Title: President

ATTEST:

By: Michelle Berg

Name: Michelle Berg

Title: Office Manager

Executed on this 13th day of January, 1998.

[CORPORATE SEAL]

STATE OF Illinois

COUNTY OF Cook

I, Michelle Berg, a Notary Public in and for said state and county, certify that John J. Thomas personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 13th day of January, 1998.

Michelle Berg
Notary Public

My Commission Expires:



LESSEE:

WILLAMETTE VALLEY RAILWAY COMPANY

By: Michael R Root

Name: MICHAEL R. ROOT

Title: PRESIDENT

ATTEST: David Root

Name: DAVID P. ROOT

Title: SECRETARY/TREASURER

Executed on this 5th day of JANUARY, 1998.

[CORPORATE SEAL]

STATE OF Oregon

COUNTY OF Tamhill

I, Karen L. Conover, a Notary Public in and for said state and county, certify that Michael Root & David Root personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 5th day of January, 1998.

Karen L Conover
Notary Public

My Commission Expires:

5/12/2001
(Notary Public)

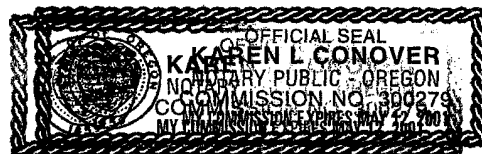


EXHIBIT A
to
Memorandum of Lease

Twenty-five (25) 73 ft. Centerbeam Flatcars

Car Numbers

NOKL	732910
NOKL	732911
NOKL	732912
NOKL	732913
NOKL	732914
NOKL	732915
NOKL	732916
NOKL	732917
NOKL	732918
NOKL	732919
NOKL	732920
NOKL	732921
NOKL	732922
NOKL	732923
NOKL	732924
NOKL	732925
NOKL	732926
NOKL	732927
NOKL	732928
NOKL	732929
NOKL	732930
NOKL	732931
NOKL	732932
NOKL	732933
NOKL	732934
Count:	25